

ASHEVILLE



Planning & Economic Development Committee

Air Rights Policy Presentation

City of Asheville, Office of Economic Development
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Air Rights Requests





Encroachment vs. air rights sale

Permanent element to building:
Overhang in public ROW

Encroachment:
Metal awning





Valuation of Air Rights

- Methods for valuing air rights include:
 - Comparable sales approach – compares recent sales of air rights to the subject. Includes adjustments for time and location
 - Income Approach – considers what is to be built in the air rights and the income to be derived from such improvements
 - Allocation from overall site value – Percentage of value of site (land value) is then allocated to the value of air rights



Current Valuation

Allocation Method:

Basis:

- Tax value of corresponding parcel
- 20% allocation for air rights

Aloft Example:

- 187 sq. feet air rights
- Tax value @ \$24 psf
- Yields air rights value of \$889 total





Various examples of other cities

City	Method of Conveyance	Method of Establishing FMV
Greenville, SC	Encroachment Agreement	No Charge
Wilmington, NC	Encroachment Agreement	Flat Fee \$250
Asheville, NC	Sale of Air Rights	Tax Value; based on 20% allocation to air rights
Dallas, TX	Sale of Air Rights	Appraisal required; based on a 70% allocation



Policy Question

Allocation Method (based on Dallas, TX model)

- (1) Rather than using tax valuation, request an appraisal from the applicant.
- (2) Increase the percentage used from 20% to 65%. This increase is consistent with more recent appraisal data on file.



Valuation using Dallas, TX model

Project	Air rights	Scenario 1: Cost @ tax psf with 20%	Scenario 2: Cost @ \$90 psf with 65%
Aloft	187 sq ft	\$ 898	\$ 10,939.5
Zona	398 sq ft	\$ 1870	\$ 23,283
Capital Center	162 sq ft	\$ 5000***	\$ 9,477

*** price reflects 40%



Modified Valuation using tax value

Project	Air rights	Scenario 1: Cost @ tax psf with 20%	Scenario 2: Cost @ tax psf with 65%
Aloft	187 sq ft	\$ 898	\$ 2,918.50
Zona	398 sq ft	\$ 1870	\$ 6,077.50
Capital Center	162 sq ft	\$ 5000***	\$ 8,125

Comparison



Project	Air rights	Scenario 1: Cost @ tax psf with 20%	Scenario 2: Cost @ tax psf with 65%	Scenario 3: Cost @ \$90 psf with 65%
Aloft	187 sq ft	\$ 898	\$ 2,918.50	\$ 10,939.5
Zona	398 sq ft	\$ 1870	\$ 6,077.50	\$ 23,283
Capital Center	162 sq ft	\$ 5000***	\$ 8,125	\$ 9,477

Objectives



- (1) Clear and consistent approach that allows potential applicants to make informed financial decisions
- (2) Allow for air rights sales, so no question in regard to title issues
- (3) The City to achieve a fair price for the sale of property
- (4) Architectural character & design elements to remain achievable